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STATE FOR WHA/CAR
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TREASURY FOR MAUREEN WAFER
USDOC FOR 4322/ITA/MAN/WH/OLAC (SMITH< S.)

E.O. 12958: N/A

TAGS: [ENRG](#) [EFIN](#) [ECON](#) [PGOV](#) [PREL](#) [HA](#)

SUBJECT: HAITI NOT INTERESTED IN PETROCARIBE DEAL --FOR NOW

1. SUMMARY: According to some press reports, the government of Venezuela planned to send a negotiating team to Haiti to negotiate a deal to sell oil at a preferential rate via PetroCaribe. However, follow-up conversations with Interim Government of Haiti (IGOH) officials reveal that Haiti is still a long way from such a deal. It is more likely that Venezuela,s recent efforts are designed to get the issue on the agenda, and that Chavez,s strongest efforts will come after the elections, when a new Haitian government is inaugurated in February 2006. END SUMMARY.

Reports of Haiti-Venezuela Oil Deal

2. According to scattered press reports in early October, the government of Venezuela planned to send a negotiating team to Haiti (exact time undetermined) to negotiate a deal to sell oil at a preferential rate via PetroCaribe. Upon returning from a recent trip to Venezuela, Minister of Culture and Communication, Magali Comeau Denis told the Charge she was bringing Venezuelan oil back to Haiti with her.

But IGOH Says No

3. When engaged by the Charge on the subject it was clear that there was no deal and that Minister Comeau Denis was not familiar with details of how such a sale would work. Prior to the Comeau Denis visit to Venezuela, Charge and Econ Counselor had spoken to acting Prime Minister Henri Bazin who said that the Interim Government of Haiti was looking for concessional terms for oil purchases from Mexico and Nigeria --but not Venezuela, he was quick to emphasize. In a follow-up conversation, Charge reiterated the negatives of such a deal with Venezuela. Bazin listened and understood the message.

4. Econ Counselor met with a contact at the Finance Ministry October 13 who confirmed that the IGOH has no plans to participate in any PetroCaribe deal. He added that our message to Bazin had an impact: Bazin had seen a draft of comments to be made by Haiti,s representative to the IMF that included a vague reference to someday purchasing oil at concessional prices from Venezuela and Bazin had the sentence deleted, the only change he made on the text.

5. COMMENT: Like many press reports in Haiti, there is less here than meets the eye. First, given Chavez,s past support of ex-President Aristide, the IGOH has little enthusiasm for dealing with Chavez. Second, a commercial deal with Venezuela would likely involve setting up a Haitian state-run oil company, something the IGOH would find difficult to accomplish given the variety of political, economic and security challenges it faces at the moment. However, the high global price of oil is having a strongly felt negative impact on the economy, with political ramifications. The pressures on the government to strike a deal will increase as long as the price of oil remains high. We suspect that the recent efforts by Venezuela here are designed more to get the issue on the agenda, and that Chavez,s strongest efforts will come after the elections, when a new Haitian government is inaugurated in February 2006. We will watch closely for that possibility. END COMMENT.
CARNEY

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